

Message Text

LIMITED OFFICIAL USE

PAGE 01 DAMASC 00139 100846Z

13-12
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-07 L-03 CIAE-00 INR-07

NSAE-00 TRSE-00 /040 W
----- 046662

R 100659Z JAN 76
FM AMEMBASSY DAMASCUS
TO SECSTATE WASHDC 5806
INFO USDOC WASHDC
AMEMBASSY ATHENS
AMEMBASSY CAIRO
AMEMBASSY JIDDA
AMEMBASSY BEIRUT
AMEMBASSY AMMAN
AMEMBASSY KUWAIT
USINT BAGHDAD
AMEMBASSY ABU DHABI
AMEMBASSY DOHA
AMEMBASSY MANAMA
AMEMBASSY TEHRAN

LIMITED OFFICIAL USE DAMASCUS 0139

ATHENS FOR RTDO
USDOC FOR CAGNE'
KUWAIT PASS BAGHDAD

EO 11652: N/A
TAGS: BBSR, PFOR, PINR, SY
SUBJECT: SYRIAN REGULATIONS AND PRACTICES CONCERNING AGENTS OF
THE U.S. FIRMS.

REF: 75 STATE 258169

SUMMARY: LOCAL BUSINESS CONDITIONS MAKE IT PRACTICABLE FOR
US FIRMS TO EMPLOY SYRIAN AGENTS TO DO BUSINESS IN COUNTRY,
EVEN THOUGH SYRIAN LAW DOES NOT REQUIRE IT. US FIRM MUST
DISTINGUISH BETWEEN REGISTERED, LEGAL AGENTS AND MAVERICK
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 DAMASC 00139 100846Z

"MIDDLEMEN" WHO WORK OUTSIDE OF LAW. BOTH LEGITIMATE AGENTS

AND MIDDLEMEN WORK ON COMMISSION BASIS, AND USUALLY
DEPEND ON CONTACTS INSIDE GOVERNMENT TO HELP REALIZE
A CONTRACT. END SUMMARY.

1. SYRIAN LAW DOES NOT REQUIRE US AND OTHER FOREIGN
FIRMS DOING BUSINESS WITH SYRIA TO HAVE AGENTS IN
THE COUNTRY. LEGISLATIVE DECREE 151 (MARCH 3, 1952,
STILL IN FORCE) DOES REQUIRE THAT A FOREIGN FIRM'S
LOCAL AGENT BE A SYRIAN NATIONAL DULY REGISTERED WITH
THE DEPARTMENT OF COMPANIES OF THE MINISTRY OF
ECONOMY AND FOREIGN TRADE (THIS REGULATION DESIGNED
TO KEEP BEIRUT-BASED AGENTS OF FOREIGN FIRMS FROM
DOMINATING LOCAL IMPORT MARKET). IN ORDER TO REGISTER,
AGENT NEEDS LETTER FROM US FIRM NAMING HIM EXCLUSIVE
SYRIAN AGENT; LETTER SHOULD BE CERTIFIED BY CHAMBER OF
COMMERCE OF CITY WHERE US FIRM IS HEADQUARTERED.
THERE ARE AT PRESENT SOME 60 OR 70 REGISTERED AGENTS
REPRESENTING 80 TO 90 US FIRMS, THE VAST MAJORITY
HONEST AND RESPECTED LOCAL BUSINESSMEN.

2. REPRESENTATIONAL PICTURE IS COMPLICATED BY
PRESENCE OF MANY MAVERICK "MIDDLEMEN" WHO CRUISE
LOCAL MARKET LOOKING FOR OPPORTUNITIES. OFTEN
ALERTED BY WELL-PLACED GOVERNMENT CONTACTS TO TRADE
OPPORTUNITIES BEFORE TENDERS ARE ANNOUNCED, THEY
THEN INFORM FOREIGN FIRMS OF THEIR ABILITY, IN RETURN
FOR COMMISSIONS, TO FACILITATE REALIZATION OF
CONTRACTS BETWEEN FIRM AND GOVERNMENT (COMMISSION
IS THEN DIVIDED BETWEEN MIDDLEMAN AND HIS FRIENDS
IN GOVERNMENT). SOMETIMES THESE MIDDLEMEN DELIVER,
SOMETIMES NOT.

3. PRIME MINISTERIAL DECREE NO. 25/B-549-15 (MARCH 15,
1975) PROHIBITS GOVERNMENT PURCHASERS FROM DEALING
WITH "MEDIATORS" AND "MIDDLEMEN" (AS OPPOSED TO
REGISTERED AGENTS). PRACTICE, HOWEVER, CONTINUES,
AND GOVERNMENT OFFICIALS ADMIT LITTLE CAN BE DONE ABOUT
IT (INDEED, MANY DO NOT WANT TO STOP IT, ESPECIALLY
IF THEY ARE RECEIVING A SHARE OF MIDDLEMEN'S COMMISSIONS).
TO AVOID DETECTION, MIDDLEMEN MAY INSTRUCT THEIR
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 DAMASC 00139 100846Z

US CLIENTS TO COMMUNICATE DIRECTLY WITH GOVERNMENT AND
NOT TO REVEAL MIDDLEMAN'S PRESENCE IN THE DEAL.
AGENTS PAY TAXES ON THEIR COMMISSIONS; MIDDLEMEN AVOID
TAXES BY RECEIVING COMMISSIONS IN FORM OF MERCHANDISE
OR BY MAINTAINING FOREIGN BANK ACCOUNTS. TO FURTHER
CONFUSE THE ISSUE, SOME AGENTS, DULY REGISTERED AS
AGENTS FOR CERTAIN FIRMS, CLANDESTINELY REPRESENT OTHERS
AS MIDDLEMEN 'SOMETIMES THE CLIENTS OF A MIDDLEMAN

ARE IN DIRECT COMPETITION WITH ONE ANOTHER). AGENTS
MAY ALSO SHARE THEIR COMMISSIONS WITH FRIENDS IN
GOVERNMENT TO LUBRICATE PASSAGE FOR THEIR FOREIGN CLIENTS.

4. GIVEN LEVANTINE NATURE OF LOCAL BUSINESS AND
GOVERNMENT, OVERRIDING NEED FOR ARABIC TRANSLATING
(WRITTEN AND ORAL), AND COMPLEX COMMERCIAL LAWS
(ISLAMIC, OTTOMAN AND FRENCH COMBINATION),
FOREIGN FIRMS NEED LOCAL REPRESENTATION TO ALERT
THEM OF TRADE OPPORTUNITIES, TO ASSIST IN MAKING
CONTACTS AND IN NEGOTIATING, AND TO PROVIDE NECESSARY
FOLLOW-UP IN SYRIAN BUREAUCRACY DURING CONTRACT
IMPLEMENTATION. PAYMENT OF LEGITIMATE COMMISSIONS
IS AN ESSENTIAL PART OF THIS BUSINESS. TO AVOID
ABUSES, HOWEVER, US FIRMS SHOULD ENGAGE ONLY REGISTERED,
ABOVE-BOARD LOCAL AGENTS AND SHOULD SEND THEIR OWN
REPRESENTATIVES, IF POSSIBLE, TO SYRIA, TO CALL ON
APPROPRIATE GOVERNMENTAL OFFICIALS IN COMPANY OF
AGENTS.

5. COPIES OF LEGISLATIVE DECREES 151 (PARA 1)
AND PRIME MINISTERIAL DECREE OF MARCH 15, 1975
(PARA 3) POUCHED TO L/PM, AS REQUESTED.
MURPHY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, POLICIES, BUSINESSMEN, TRADE PROMOTION, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976DAMASC00139
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760009-1012
From: DAMASCUS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760169/aaaacjah.tel
Line Count: 139
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 258169
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 28 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28 APR 2004 by woolflhd>; APPROVED <12 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SYRIAN REGULATIONS AND PRACTICES CONCERNING AGENTS OF THE U.S. FIRMS.
TAGS: BBSR, PFOR, PINR, SY, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006